

Consumer Opinion Survey

October 2018

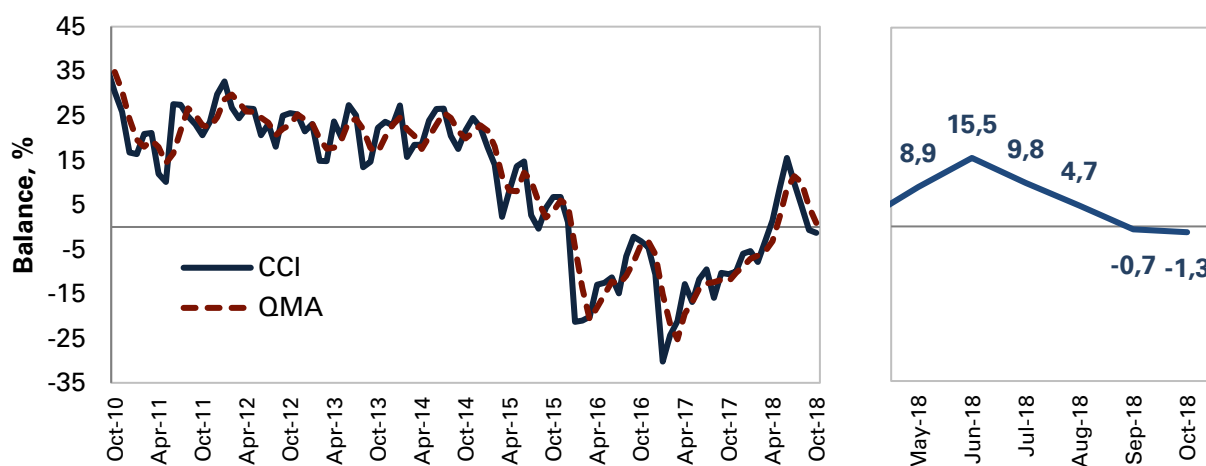
Bulletin 204



In October, the Consumer Confidence Index (CCI) remained in negative territory, registering a balance of -1.3%, 0.6 percentage points (pps) less than previous month. Compared to October 2017, the CCI increased by 9.3 pps. Relative to last month, the reduction was due to a deterioration in the Consumer Expectations Index, which was offset by a slight improvement in the Economic Conditions Index. Consumer confidence deteriorated in Bogotá and Medellín compared to the previous month, but relative to October 2017 it improved in all surveyed cities. Finally, both willingness to buy a house and willingness to buy furniture and household appliances decreased compared to last month, but improved compared to October 2017

According to the latest Consumer Opinion Survey (COS), the Consumer Confidence Index (CCI) recorded a balance of -1.3%. This value represents a fall of 0.6 percentage points (pps) compared to the previous month and an increase of 9.3 pps relative to the same month of 2017 (Graph 1). Even though consumer confidence moved further into negative territory, quarterly moving average continues in positive territory.

Gráfico 1. Consumer Confidence Index (CCI)



Source: Consumer Opinion Survey (COS) – Fedesarrollo

QMA: Quarterly moving average

The fall in consumer confidence compared to September is owed to a deterioration in the Consumer Expectations Index. On the other hand, the Economic Condition Index slightly improved relative to previous month.

The CCI has five components, the details of which are presented in Table 1. The first three refer to the expectations of households in a given year, while the other two refer to the perception of consumers about the current economic situation. The Consumer Expectations Index (CEI) is constructed with the first three and the Economic Conditions Index (ECI) with the remaining two.

The decrease in the CCI with respect to the previous month was explained by the 1.2 pps decline in the CEI. Meanwhile, the ECI showed a slight recovery, increasing by 0.2 pps. Compared to October 2017, both expectations and economic conditions indexes improved by 9.9 pps and 8.4 pps, respectively. (Graph 2).

Table 1. Evolution of CCI Components
(Balances between favorable and unfavorable responses, %)

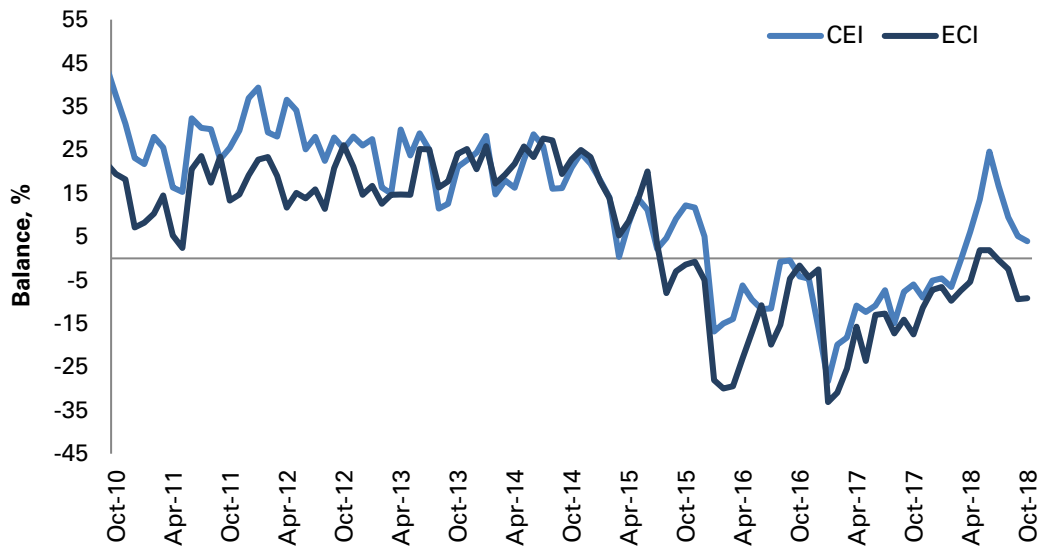
Variable / Balance %	2017	2018	
	October	September	October
Consumer Confidence Index - CCI	-10.6	-0.7	-1.3
A. Consumer Expectations Index - CEI	-6.0	5.1	3.9
-Do you think that within a year your household will economically do better, worse or the same than now?	25.3	26.0	28.9
-Do you think that within the next twelve months we will have good or bad economic times?	-29.4	-12.1	-13.0
-Do you think that the country's economic conditions will be better or worse within a year than they currently are?	-13.8	1.4	-4.1
B. Economic Conditions Index - ECI	-17.5	-9.4	-9.2
- Do you think that your household is economically doing better or worse than a year ago?	-16.1	-21.2	-10.5
-Do you think this is a good time to purchase big items such as furniture and appliances?	-19.0	2.5	-7.8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Consumer's assessment of the country's situation continued a downward trend, decreasing compared to last September. However, consumer's assessment of their households' situation increased, which reversed the downward trend observed since the

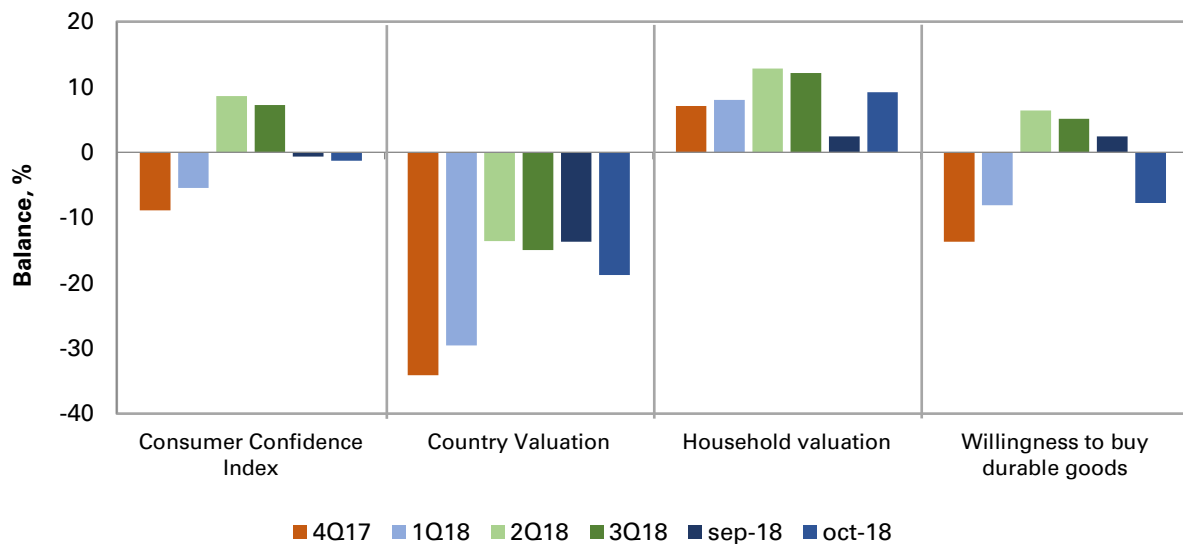
second quarter of 2018. Willingness to buy durable goods fell sharply compared to the previous month and stood at -7.8% (Graph 3)

Graph 2. Consumer Expectations Index (CEI) – Economic Conditions Index (ECI)



Source: Consumer Opinion Survey (COS) – Fedesarrollo

Graph 3. Perception of consumers about the situation of the country and the household



Source: Consumer Opinion Survey (COS) – Fedesarrollo

Cities. In October, the CCI decreased compared to previous month in Bogotá and Medellín, but increased in Barranquilla, Bucaramanga and Cali. Compared to the same month of 2017, consumer confidence increased in all surveyed cities.

In Bogota and Medellin the CCI stood in negative territory decreasing 2.3 and 6.7 pps respectively, compared to previous month. On the other hand, the CCI remained in positive territory in Cali, Barranquilla and Bucaramanga, increasing 3.7 pps, 11.3 pps and 12.7 pps, respectively, with respect to previous month. Relative to October 2017, consumer confidence improved in all surveyed cities (Table 2).

Table 2. Evolution of the CCI by cities

City, Balance %	2017	2018	
	October	September	October
Bogotá	-14.1	-3.1	-5.3
Medellín	-18.6	5.7	-1.0
Cali	4.9	4.6	8.3
Barranquilla	0.0	-8.4	2.9
Bucaramanga	-7.0	-1.5	11.3
Total	-10.6	-0.7	-1.3

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Socioeconomic level. In October, consumer confidence increased in the low socioeconomic level and decreased in the medium and high strata compared to previous month. Relative to October 2017, consumer confidence increased in all levels.

Disaggregating the results of the COS by socioeconomic level, the CCI improved compared to the last month in the low stratum (6.3 pps), but deteriorated in middle (6.4 pps) and high (8.6 pps) levels. However, compared to the same period of 2017, consumer confidence improved in all socioeconomic levels, mainly in the high strata where it increased by 18.2 pps

Table 3. Evolution of the CCI by income level

Income level. Balance %	2017	2018	
	October	September	October
High	-5.3	21.6	13.0
Medium	-12.5	0.4	-6.0
Low	-9.3	-4.7	1.6
Total	-10.6	-0.7	-1.3

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Housing. Willingness to buy a house decreased compared to the previous month, but was higher than that observed in October 2017. By cities, this indicator decreased with respect to the previous month in Bogotá and Barranquilla.

In October, the indicator of willingness to buy a house registered a balance of 2.5%, which is equivalent to a drop of 5.0 pps compared to the previous month and an increase of 1.2 pps compared to October 2017 (Table 4). Compared to last month, willingness to buy a house improved in Cali and Bucaramanga, worsened in Bogotá and Barranquilla, and remained stable in Medellín.

Table 4. Willingness to buy a house by cities

City, Balance %	2017	2018	
	October	September	October
Bogotá	-10.7	-0.5	-13.7
Medellín	16.5	10.5	10.5
Cali	14.5	24.1	46.8
Barranquilla	21.6	32.3	14.4
Bucaramanga	19.8	-3.6	10.7
Total	1.3	7.5	2.5

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Willingness to buy a house reduced at all socioeconomic levels.

Between September and October, the results for the indicator of willingness to buy a house, disaggregated by socioeconomic level, strongly decreased in the high strata (17.8 pps), and to a lesser extent in the middle strata (3.8 pps) and low strata (4.3 pps). Compared to October 2017, there was a decrease in the high and middle strata, and a significant improvement of 13.0 pps in the low level.

Table 5. Willingness to buy a house by socioeconomic level

Income level. Balance %	2017	2018	
	October	September	October
High	21.7	22.9	5.2
Medium	-0.2	-4.7	-8.5
Low	0.3	17.6	13.2
Total	1.3	7.5	2.5

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Durable goods. Willingness to buy furniture and household appliances decreased relative to previous month but was higher than the observed in October 2017.

The balance of answers about whether it is a good or bad time to buy goods such as furniture and household appliances recorded -7.8% in October. The latter represents a reduction of 10.2 pps compared to previous month and an increase of 11.2 pps compared to October 2017. Relative to the previous month, willingness to buy durable goods increased in Barranquilla (24.8 pps) , Cali (10.3 pps) and Bucaramanga (1.0 pps), but decreased in Bogotá (20.5 pps) and Medellín (12.8 pps). Compared to October 2017, the index increased in all the surveyed cities (Table 6).

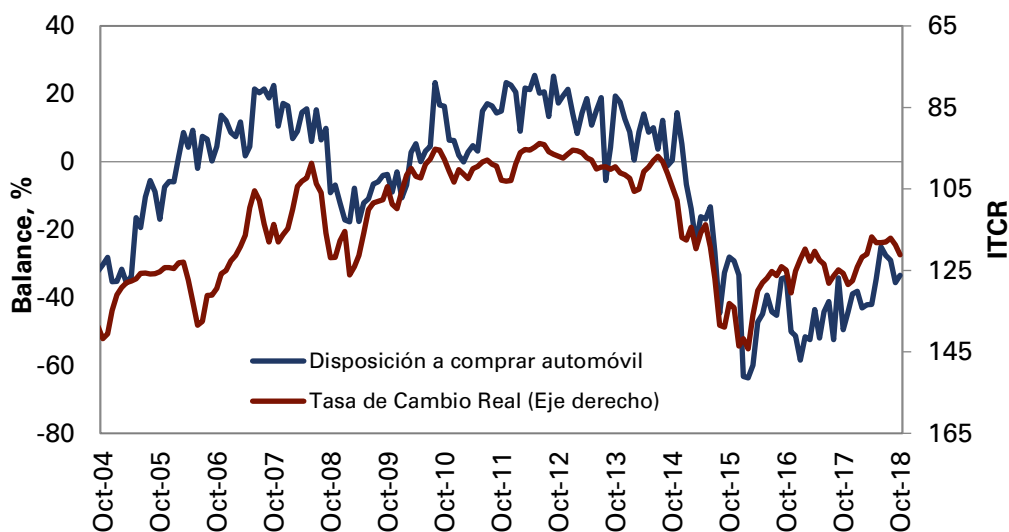
Table 6. Willingness to buy furniture and home appliances by cities

City, Balance %	2017		2018	
	October	September	September	October
Bogotá	-24.5	-0.5	-0.5	-21.0
Medellín	-27.7	0.7	0.7	-12.1
Cali	0.6	18.0	18.0	28.3
Barranquilla	3.3	-4.6	-4.6	20.2
Bucaramanga	-22.5	7.2	7.2	8.2
Total	-19.0	2.5	2.5	-7.8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Vehicle. In October, willingness to buy a vehicle registered a balance of -33.5%. This implies an increase of 2.1 pps and 16.0 pps compared to the previous month and to October 2017, respectively (Graph 4).

Graph 4. Willingness to buy car vs. real exchange rate



Source: Consumer Opinion Survey (COS) – Fedesarrollo and Central Bank of Colombia



**Contact us if you would like to have access to
disaggregated results by city, level of income
and other survey questions**

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